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01:26:49:375 1 Stoker - May 3, 2012
 01:26:53:880 2 identical?
 01:26:55:515 3 A. I think so.
 01:26:55:782 4 Q. Take a moment and make sure.
 01:27:06:125 5 A. Yes.
 01:27:06:893 6 Q. All right, sir. Is it accurate to say,
 01:27:18:471 7 as a general matter, you did not normally suggest
 01:27:23:276 8 specific assets for inclusion in a deal, in a CDO
 01:27:26:413 9 that you were structuring?
 01:27:27:614 10 A. That's right.
 01:27:34:054 11 Q. Prior to the date when you forwarded the
 01:27:37:991 12 list, Exhibit 371, to Mr. Khan, had you ever
 01:27:42:229 13 previously done this, forwarded a list of names for a
 01:27:45:699 14 specific CDO?
 01:27:59:012 15 A. Not particularly.
 01:28:00:280 16 Q. And do you recall whether or not after
 01:28:02:048 17 this date, did you ever forward a list such as this
 01:28:04:884 18 to sales concerning specific names for a CDO?
 01:28:11:925 19 A. Sales, not that I remember.
 01:28:13:593 20 Q. How about to an asset manager?
 01:28:18:865 21 A. I might have sent a list to asset
 01:28:20:300 22 managers along the way.
 01:28:22:802 23 Q. Do you recall which CDO that was?
 01:28:25:505 24 A. I don't.
 01:28:30:043 25 Q. Sir, isn't it the fact that the normal

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01:29:30:003 1 Stoker - May 3, 2012
 01:29:30:770 2 has been previously marked as 372.
 01:29:40:847 3 MR. INFELISE: For the record, Exhibit
 01:29:45:318 4 372 is a two-page document Bates numbered CITI
 01:29:49:322 5 14250375 and 376.
 01:29:58:131 6 Q. All right, sir. Have you had a chance
 01:29:59:132 7 to look at Exhibit 372?
 01:30:00:934 8 A. I have.
 01:30:01:668 9 Q. And it appears to be an e-mail from
 01:30:03:103 10 Mr. Khan to a Samir Bhatt, a John Popp, copies to
 01:30:10:844 11 Brian Stoker and Shalabh Mehrish.
 01:30:13:313 12 Do you recall, sir, receiving this
 01:30:14:714 13 e-mail?
 01:30:16:249 14 A. I don't recall it, but I'm sure I
 01:30:17:650 15 received it.
 01:30:18:185 16 Q. All right. And having looked at this,
 01:30:20:086 17 does this refresh your memory concerning how you
 01:30:22:522 18 learned that the list that you had provided Mr. Khan
 01:30:27:227 19 had been forwarded to Credit Suisse?
 01:30:30:864 20 MR. KEKER: Objection. Assumes facts
 01:30:32:132 21 not in evidence. This is not the same list.
 01:30:34:868 22 MR. INFELISE: We'll get there.
 01:30:36:369 23 MR. KEKER: Well, I object on that
 01:30:38:071 24 ground. The question was you forwarded the
 01:30:40:040 25 list, and you are referring to an earlier list.

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01:28:31:311 1 Stoker - May 3, 2012
 01:28:31:812 2 procedure was for the manager to send you a list that
 01:28:34:915 3 the manager had already picked when the deal was much
 01:28:37:450 4 farther along in the process?
 01:28:41:254 5 A. Right. Once we have a signed engagement
 01:28:42:822 6 letter, the manager has entered the trades. The
 01:28:45:191 7 managers entered those trades into a trade log and
 01:28:47:761 8 sends that to the structuring team.
 01:28:49:696 9 Q. I see. So did you ever learn whether or
 01:28:52:966 10 not Mr. Khan ever forwarded the list, Exhibit 371, to
 01:28:56:236 11 anyone else?
 01:28:59:206 12 A. I understand he forwarded it to Credit
 01:29:00:607 13 Suisse.
 01:29:01:641 14 Q. And how did you learn that?
 01:29:10:550 15 A. I'm not --
 01:29:11:484 16 Q. If you recall.
 01:29:12:218 17 A. Yeah. I'm not sure.
 01:29:13:219 18 Q. Okay.
 01:29:16:056 19 MR. KEKER: You're saying you knew it at
 01:29:16:756 20 the time or you knew it now?
 01:29:23:096 21 THE WITNESS: I'm not sure.
 01:29:24:464 22 Q. All right. Well, let's try and refresh
 01:29:25:732 23 your memory, because I know this is several years
 01:29:27:834 24 ago.
 01:29:27:934 25 I would like to have you look at what

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01:30:41:374 1 Stoker - May 3, 2012
 01:30:42:275 2 MR. INFELISE: All right.
 01:30:44:478 3 A. I probably noticed that -- I'm sure I
 01:30:46:513 4 noticed Samir sent this -- not Samir, Sohail sent
 01:30:49:583 5 this to Credit Suisse.
 01:30:51:584 6 Q. All right. And if you look at the
 01:30:53:653 7 second page, there are a list of -- I guess what was
 01:31:01:094 8 called -- let's call them collateral. If you compare
 01:31:03:930 9 that to Exhibit -- I think it was 371, which you
 01:31:06:800 10 should have, the list that you provided.
 01:31:11:271 11 Would you compare that, sir, and could
 01:31:12:539 12 you tell me whether or not they are identical.
 01:31:37:397 13 A. No, they're not identical. The order
 01:31:40:667 14 has changed. And it looks like Cetus 4 is new, Cert
 01:31:52:045 15 is new, Octans 3 is new, the Topanga 2 is new.
 01:32:09:929 16 That's what I see.
 01:32:10:563 17 Q. All right. So except for those four
 01:32:15:001 18 specific names that you identified, the rest of the
 01:32:19:039 19 list is identical to the one that you sent to
 01:32:21:875 20 Mr. Khan?
 01:32:22:475 21 A. I think they were on there.
 01:32:25:245 22 Q. All right. And do you have any
 01:32:26:446 23 understanding of who added those additional names in
 01:32:29:516 24 the list that was forwarded from Mr. Khan to
 01:32:31:017 25 Mr. Bhatt?

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01:37:58:211 1 Stoker - May 3, 2012

01:37:59:512 2 Q. And it appears to be two e-mails on the

01:38:01:081 3 first page.

01:38:01:814 4 The second one, there's a -- is from --

01:38:04:551 5 appears -- appears to be from Donald Quintin to Brian

01:38:08:087 6 Stoker on November the 2nd, 2006.

01:38:11:324 7 Sir, do you have any recollection of

01:38:12:926 8 receiving this e-mail?

01:38:18:331 9 A. No, not particularly, though I'm sure I

01:38:19:699 10 received it.

01:38:20:400 11 Q. All right. And in this, Mr. Quintin

01:38:25:672 12 states apparently Samir is amenable to the portfolio.

01:38:29:342 13 It sounds like Popp was receptive to the concept

01:38:31:711 14 yesterday.

01:38:32:512 15 First, sir, do you know the reference --

01:38:34:314 16 what the reference to Popp is?

01:38:37:017 17 A. It's John Popp. He was Samir's boss at

01:38:39:186 18 Credit Suisse.

01:38:40:353 19 Q. All right. And sir, does this refresh

01:38:43:056 20 your recollection concerning whether or not you

01:38:44:724 21 learned after the list was sent to Credit Suisse

01:38:47:827 22 whether they were willing to include those assets in

01:38:51:064 23 a CDO squared?

01:38:52:465 24 A. I see that it says they're minimal to

01:38:54:067 25 the portfolio, but I have no understanding as to what

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01:39:47:120 1 Stoker - May 3, 2012

01:39:48:021 2 A. Yes.

01:39:48:888 3 Q. So on November the 2nd when you received

01:39:51:024 4 this e-mail from Mr. Quintin, did you have an

01:39:53:994 5 understanding when he referred to the assets of the

01:39:56:997 6 portfolio, he was referring to the list of assets

01:40:01:034 7 that Mr. Khan forwarded the day before?

01:40:04:003 8 A. Yes.

01:40:04:571 9 Q. All right. Sir, do you recall during

01:40:21:754 10 this time period -- again, I'm referring to the

01:40:24:190 11 October and November of 2006 time period, whether you

01:40:28:061 12 were keeping Mr. Grant informed of what was happening

01:40:31:631 13 with respect to the proposed CDO squared with Credit

01:40:34:768 14 Suisse?

01:40:38:071 15 A. I tried to keep Darius up to date, yes.

01:40:41:708 16 Q. Okay. I'm going to show you, sir, what

01:40:49:716 17 was previously marked as Exhibit 615.

01:41:00:827 18 MR. INFELISE: For the record, Exhibit

01:41:02:429 19 615 is a multi -- five-page document, but it

01:41:12:272 20 does not bear any Bates numbers.

01:41:41:067 21 A. Is there a certain part of this e-mail?

01:41:55:381 22 Q. Well, I'm just going to direct your

01:41:56:783 23 attention to the first e-mail on the very first page.

01:42:00:220 24 You can obviously take your time to review the

01:42:02:355 25 entirety, if you wish.

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01:38:57:504 1 Stoker - May 3, 2012

01:38:59:606 2 assets or what they were going to do with those

01:39:01:808 3 assets.

01:39:01:941 4 Q. All right. Well, when you were talking

01:39:02:909 5 about amenable portfolio, do you have any

01:39:03:943 6 understanding of specifically what portfolio of

01:39:06:580 7 assets Mr. Quintin was referring to?

01:39:11:317 8 A. I knew the list that I forwarded to

01:39:12:585 9 Sohail. I know there was a list.

01:39:15:321 10 Q. All right. And you were aware of the

01:39:16:756 11 day before Mr. Khan forwarded that list to Credit

01:39:19:792 12 Suisse?

01:39:20:293 13 A. I probably saw that e-mail.

01:39:21:661 14 Q. Right.

01:39:23:229 15 MR. KEKER: I object to that list. It's

01:39:24:731 16 a different list.

01:39:27:267 17 MR. INFELISE: Okay.

01:39:28:201 18 Q. You were aware that on November the 1st,

01:39:30:370 19 Mr. Khan forwarded a list of assets to Credit Suisse?

01:39:36:709 20 A. Probably I didn't realize it was a

01:39:37:710 21 different list at the time, probably.

01:39:39:579 22 Q. All right. So the list which you had

01:39:41:314 23 forwarded four additional assets from, the list that

01:39:44:184 24 you provided to Mr. Khan, that's the one we are

01:39:46:453 25 talking about. You understand that, sir?

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01:42:10:363 1 Stoker - May 3, 2012

01:42:58:178 2 A. Okay.

01:42:58:311 3 Q. All right, sir. And I'm going to direct

01:43:00:613 4 your attention again to the first e-mail on the top

01:43:02:849 5 of this page.

01:43:04:284 6 It appears to be from Brian Stoker to

01:43:06:286 7 Darius Grant on November the 9th, 2006.

01:43:10:023 8 Sir, do you have any recollection of

01:43:11:491 9 sending this e-mail to Mr. Grant?

01:43:17:564 10 A. Yeah, I remember it.

01:43:18:531 11 Q. All right. You say let's let Jim into

01:43:23:437 12 DQ CDO squared with CSAC.

01:43:26:373 13 When you say Jim, who are you referring

01:43:28:174 14 to?

01:43:28:541 15 A. Jim Prusko at Magnatar Capital.

01:43:30:310 16 Q. And why is it you were suggesting to

01:43:32:946 17 allow Mr. Prusko to be involved in this CDO squared?

01:43:37:284 18 A. Well, the salesperson, Bob Stevenish,

01:43:42:655 19 Robert Stevenish as written in, in Boston, he was --

01:43:50:563 20 he covered Magnatar. And he was pressuring Darius

01:43:56:302 21 and me to get -- work out some trade with Magnatar.

01:44:01:875 22 And we hadn't been able to work one out. He covered

01:44:03:843 23 Magnatar and Magnatar was giving him a lot of trades

01:44:05:645 24 with other dealers. He was frustrated that Citigroup

01:44:08:147 25 hadn't done -- at least our structuring or CDO group,

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01:44:12:052 1 Stoker - May 3, 2012

01:44:13:620 2 hadn't done a deal with Magnatar.

01:44:14:654 3 Q. All right. Now, if I direct your

01:44:18:725 4 attention to the sentence in the third line that

01:44:22:195 5 starts CDO. It says CDO squared can print one Q

01:44:26:366 6 because DQ and Jim will short assets into the deal.

01:44:30:336 7 Sir, could you explain to me what you

01:44:31:504 8 mean by CDO can print one Q.

01:44:36:810 9 A. They could price or close in the first

01:44:39:812 10 quarter of the next year, 2007.

01:44:43:183 11 Q. All right. And because DQ and Jim will

01:44:45:819 12 short all assets into the deal.

01:44:48:488 13 Sir, does that mean that either

01:44:49:723 14 Mr. Quintin or Mr. Prusko would purchase protections

01:44:53:093 15 on all the assets in the deal?

01:44:55:128 16 A. Yeah. That will guarantee that the deal

01:44:56:329 17 will get done because -- at least be executed,

01:44:59:532 18 because these guys were willing to provide liquidity.

01:45:05:972 19 Q. So does that -- again, does that mean --

01:45:09:309 20 make sure I understand, does that mean that when they

01:45:12:946 21 say they will short all assets into the deal, that

01:45:15:749 22 Mr. Quintin and Mr. -- it's your expectation that

01:45:18:751 23 Mr. Quintin and Mr. Prusko would purchase the

01:45:21:288 24 protection on all the assets?

01:45:23:223 25 A. At least initially, yes.

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01:46:59:752 1 Stoker - May 3, 2012

01:47:02:489 2 Q. Who is Michael Shackelford?

01:47:03:823 3 A. Michael Shackelford was Samir Bhatt's

01:47:07:761 4 new boss. He had started I don't know how many

01:47:09:529 5 months before. So he was junior to John Popp and

01:47:13:133 6 senior to Samir Bhatt.

01:47:14:868 7 Q. Okay. And if you notice the attachments

01:47:17:937 8 to this, the second page of it.

01:47:21:508 9 Does that appear to be the list of

01:47:22:842 10 assets that Mr. Khan forwarded Mr. Bhatt on November

01:47:26:846 11 the 1st?

01:47:27:514 12 A. Yes.

01:47:28:181 13 Q. All right. And why is it, then, you

01:47:30:750 14 were forwarding a copy of this same list to

01:47:33:386 15 Mr. Shackelford?

01:47:36:156 16 A. Maybe he asked. I don't remember.

01:47:37:290 17 Q. All right. So in fact, you did have

01:47:40:327 18 direct communication with someone at Credit Suisse

01:47:42:762 19 concerning the list, didn't you?

01:47:44:664 20 A. I sent this e-mail, but I don't remember

01:47:47:834 21 talking to him about it.

01:47:48:735 22 Q. Do you have any recollection of why you

01:47:50:270 23 did it?

01:47:50:804 24 A. No.

01:48:11:791 25 Q. Sir, after you sent that list to

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01:45:24:758 1 Stoker - May 3, 2012

01:45:29:362 2 Q. All right. With respect to the list of

01:45:32:198 3 assets that Mr. Khan sent to Credit Suisse back on

01:45:37:704 4 November 1st, do you recall whether or not you

01:45:40:940 5 personally had any communications with anyone at

01:45:43:843 6 Credit Suisse concerning that list?

01:45:46:145 7 A. I didn't.

01:45:47:146 8 Q. Are you sure?

01:45:48:748 9 A. Pretty sure. I don't remember it.

01:45:56:422 10 Q. I'm going to show you what's been

01:45:57:824 11 previously marked as Exhibit 537, a two-page

01:46:01:861 12 document, CITI 15952054 and 055.

01:46:36:196 13 A. Okay.

01:46:36:863 14 Q. Sir, have you had a chance to look at

01:46:38:064 15 Exhibit 557?

01:46:39:432 16 A. I have.

01:46:40:633 17 Q. And the first e-mail at the top appears

01:46:43:403 18 to be from Brian Stoker to a Michael Shackelford and

01:46:47:073 19 dated November 14, 2006.

01:46:49:876 20 Sir, do you have any recollection of

01:46:51:478 21 sending this e-mail?

01:46:55:515 22 A. Vague recollection.

01:46:57:017 23 Q. So you don't have reason to believe you

01:46:58:251 24 didn't send it, do you?

01:46:59:352 25 A. No.

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01:48:14:794 1 Stoker - May 3, 2012

01:48:15:729 2 Mr. Shackelford on November 14th, do you recall

01:48:18:565 3 whether or not you engaged in any discussions or

01:48:21:000 4 communications with other individuals in Citigroup's

01:48:25:805 5 CDO desk concerning what assets should be included in

01:48:31:377 6 the CDO squared with Credit Suisse?

01:48:37:517 7 A. Would you repeat the question. I

01:48:38:418 8 apologize.

01:48:38:952 9 Q. Sure. After you sent the e-mail to

01:48:41:154 10 Mr. Shackelford on November the 14th, do you recall

01:48:43:990 11 whether or not you had any communications or

01:48:45:792 12 discussions with any of the individuals in

01:48:48:695 13 Citigroup's CDO group concerning what assets should

01:48:54:134 14 be included in the CDO squared that was being

01:48:56:870 15 contemplated with Credit Suisse?

01:49:00:440 16 A. I don't remember talking about any

01:49:01:408 17 particular names, no.

01:49:02:909 18 Q. Do you recall aside from oral

01:49:04:911 19 communications, any written communications?

01:49:07:514 20 A. No.

01:49:09:749 21 Q. Okay.

01:49:12:318 22 MR. INFELISE: I think we have to change

01:49:13:553 23 the tape. So let's take a break here.

01:49:15:688 24 THE VIDEOGRAPHER: This marks the end of

01:49:16:322 25 tape No. 2. We're going off the record at 11

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01:49:17:824 1 Stoker - May 3, 2012
 01:49:18:125 2 a.m.
 01:49:21:925 3 (There was a recess taken.)
 01:49:21:995 4 THE VIDEOGRAPHER: This marks the start
 01:49:22:595 5 of tape No. 3. We're back on the record at
 01:49:24:764 6 11:08 a.m.
 01:49:25:295 7 BY MR. INFELISE:
 01:49:25:365 8 Q. All right, sir. And just before we
 01:49:29:102 9 broke, I was asking whether you recalled if you had
 01:49:31:638 10 any further discussions with anyone in Citigroup's
 01:49:34:875 11 CDO group about the specific assets for inclusion in
 01:49:42:382 12 the proposed CDO squared with Credit Suisse.
 01:49:45:685 13 And I'd like to show you, sir, what was
 01:49:48:021 14 previously marked as Exhibit 373.
 01:50:04:736 15 MR. INFELISE: And Exhibit 373 is a
 01:50:06:339 16 multi-page document Bates numbered CITI 18178869
 01:50:12:712 17 through 81.
 01:50:33:399 18 A. Okay.
 01:50:34:200 19 Q. Sir, have you had a chance to look at
 01:50:35:401 20 Exhibit 373? Just take a moment and take a look at
 01:51:38:265 21 it.
 01:51:38:698 22 A. Okay.
 01:51:39:299 23 Q. All right. And sir, Exhibit 373, the
 01:51:41:834 24 first page, appears to be an e-mail from Brian Stoker
 01:51:44:538 25 on November 22nd, 2006 to Shalabh Mehrish,

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01:53:02:015 1 Stoker - May 3, 2012
 01:53:02:982 2 and the rest should be triple B.
 01:53:04:451 3 Do you see that, sir?
 01:53:07:821 4 A. I do.
 01:53:08:421 5 Q. And were you referring specifically to
 01:53:10:323 6 the CDOs we discussed earlier, the CDOs that were
 01:53:13:860 7 named after presidents and constellations?
 01:53:19:166 8 A. I don't -- I was referring to the
 01:53:21:234 9 president and constellations and I don't know if that
 01:53:23:437 10 list was still relevant or just generally, the
 01:53:26:239 11 president and constellation deals had a wider spread,
 01:53:28:975 12 so if they were going to be included, it was -- I
 01:53:33:747 13 felt there was no need to buy the triple B, because
 01:53:36:016 14 the single A had enough spread all ready.
 01:53:38:185 15 Q. But you were specifically saying or
 01:53:40:620 16 suggesting here president/constellation deals,
 01:53:44:991 17 correct?
 01:53:45:492 18 A. I did.
 01:53:45:625 19 Q. All right. And that wasn't your normal
 01:53:48:261 20 practice, was it, to suggest specific assets for
 01:53:50:964 21 inclusion in a CDO?
 01:53:54:667 22 A. That was exactly what I did in many,
 01:53:56:669 23 many CDOs.
 01:53:57:904 24 Q. Well, sir, isn't it true that generally,
 01:53:59:639 25 you didn't pay attention to what specific assets were

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01:51:51:645 1 Stoker - May 3, 2012
 01:51:52:712 2 Sohail Kahn, Donald Quintin, Brian Carosielli, and
 01:51:56:349 3 with a copy to Mr. Darius Grant.
 01:51:59:286 4 Sir, looking at this e-mail, do you have
 01:52:00:887 5 any recollection of actually sending this e-mail?
 01:52:06:626 6 A. I do.
 01:52:06:860 7 Q. All right. And sir, the subject is the
 01:52:10:897 8 CSAC CDO squared. Sir, CSAC, is that an acronym for
 01:52:16:569 9 Credit Suisse?
 01:52:17:570 10 A. It is.
 01:52:18:104 11 Q. All right. And sir, does this refresh
 01:52:20:473 12 your recollection concerning whether or not after the
 01:52:23:810 13 November 14th e-mail, you actually had further
 01:52:27:113 14 communications with individuals on the CDO -- or
 01:52:32:218 15 excuse me, in the CDO group, concerning specific
 01:52:35:355 16 assets to include in the CDO squared with Credit
 01:52:38:258 17 Suisse?
 01:52:40:126 18 A. Well, this is exactly the kind of --
 01:52:41:794 19 this refreshes my recollection that this is exactly
 01:52:43:863 20 the kind of conversation I would have with assets --
 01:52:47:233 21 types of assets and spreads, and ratings as opposed
 01:52:49:903 22 to particular names.
 01:52:52:539 23 Q. All right. Well, in the body of the
 01:52:55:842 24 e-mail, it's the third sentence, you say I'm thinking
 01:52:59:612 25 the president constellation deal should be single A,

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01:54:01:808 1 Stoker - May 3, 2012
 01:54:04:444 2 in the deal?
 01:54:05:745 3 A. That's right, I did not pay attention to
 01:54:07:080 4 particular names. I paid attention to asset types,
 01:54:10:216 5 ratings, types, mortgage-backed security versus CDO,
 01:54:15:021 6 spreads.
 01:54:17:057 7 Q. Okay. Now, after this e-mail, what
 01:54:22:929 8 we've just referred to as Exhibit 373, do you recall
 01:54:26:266 9 whether there was any further discussions with CSAC
 01:54:29:636 10 or -- excuse me, Credit Suisse, about that CDO
 01:54:32:873 11 squared?
 01:54:35:308 12 A. I'm sorry?
 01:54:35:675 13 MR. KEKER: About what CDO squared?
 01:54:37:177 14 Q. The one that was the topic of the
 01:54:39:145 15 November 22nd e-mail -- 21st e-mail I just showed
 01:54:42:315 16 you. Excuse me.
 01:54:44:784 17 MR. KEKER: 22nd. November 22nd.
 01:54:47:253 18 Kennedy's death day.
 01:54:52:659 19 MR. INFELISE: 22nd.
 01:54:56:896 20 A. I don't know if this was discussed with
 01:54:58:165 21 Credit Suisse.
 01:54:59:933 22 Q. Do you know what response, if any,
 01:55:07:340 23 Citigroup received from Credit Suisse about potential
 01:55:10:677 24 assets for inclusion in that CDO squared that's
 01:55:13:013 25 referenced in the November 22nd e-mail?

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02:07:34:220 1 Stoker - May 3, 2012

02:07:35:188 2 Mr. Bhatt and Mr. Khan on January the 8th, 2007?

02:07:38:024 3 MR. KEKER: Ever being at the time or?

02:07:40:827 4 MR. INFELISE: Fair enough.

02:07:41:561 5 Q. Sir, at or near January 8th, 2007, do

02:07:45:298 6 you recall whether or not you were ever made aware of

02:07:47:500 7 this communication -- these communications between

02:07:49:636 8 Mr. Bhatt and Mr. Khan?

02:07:52:105 9 A. No, I don't know about these particular

02:07:53:506 10 communications.

02:07:57:710 11 Q. Were you aware at or near January 8th

02:08:02:482 12 that Citigroup had proposed a list of specific assets

02:08:12:092 13 to Credit Suisse?

02:08:14:360 14 A. No.

02:08:15:528 15 Q. Were you aware at or near January 8th

02:08:18:765 16 whether or not Credit Suisse ever accepted that

02:08:22:702 17 proposal?

02:08:24:571 18 A. I wasn't aware of the proposal.

02:08:27:774 19 Q. So you were not aware of whether or not

02:08:29:375 20 they accepted it; is that accurate?

02:08:31:945 21 A. I was aware soon after that there was a

02:08:34:714 22 trade executed, but I was not aware of these

02:08:37:717 23 discussions.

02:08:39:919 24 Q. Were you aware of -- you said soon after

02:08:41:721 25 that a trade was executed.

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02:09:51:324 1 Stoker - May 3, 2012

02:09:57:230 2 All right, sir. I'm going show you,

02:09:58:631 3 sir, what has been previously marked as Exhibit

02:10:01:834 4 514-A.

02:10:38:671 5 A. Okay.

02:10:39:506 6 Q. All right, sir. Now, looking back at

02:10:42:275 7 Exhibit 513-A, at the top you can see that the date

02:10:48:415 8 and time was January 2007 at 10:12 a.m.

02:10:52:686 9 Do you see that, sir?

02:10:53:453 10 A. Yes.

02:10:54:287 11 Q. And if you look at Exhibit 514-A, this

02:10:59:125 12 again is from Mr. Khan to Mr. Bhatt. Sir, you are

02:11:03:797 13 not the sender or recipient of this.

02:11:05:465 14 Do you have any recollection of being

02:11:07:100 15 informed that on January 2007 at 10:57 a.m., this

02:11:14:474 16 e-mail was sent?

02:11:16:643 17 A. No.

02:11:18:078 18 Q. And were you aware that on January 8th,

02:11:21:915 19 2007, that Citigroup and Credit Suisse had agreed to

02:11:26:419 20 trades and specific assets in the attachments to

02:11:29:989 21 Exhibit 514-A?

02:11:32:525 22 A. I understood soon after. I don't know

02:11:34:594 23 if it was that day or the next day, but soon after

02:11:36:529 24 that, that there was a trade executed. I didn't know

02:11:38:698 25 which names and I didn't pay attention to the names.

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02:08:42:889 1 Stoker - May 3, 2012

02:08:43:790 2 Were you aware of whether or not that

02:08:44:591 3 trade that was executed was on each of the assets

02:08:49:295 4 listed on Exhibit 513-A?

02:08:51:665 5 A. No. I don't know the names involved.

02:08:54:067 6 Q. Did you learn names involved?

02:09:01:641 7 A. I've seen some lists since then in

02:09:04:544 8 preparing for testimony.

02:09:06:045 9 Q. No, sir, I'm going to direct your

02:09:07:113 10 attention to this time frame, at or near January the

02:09:10:083 11 8th.

02:09:11:785 12 Were you aware of the specific names on

02:09:15:755 13 which -- excuse me, strike that.

02:09:19:526 14 Were you aware of the specific assets

02:09:22:429 15 which were proposed that Citigroup purchase

02:09:25:165 16 protection on?

02:09:26:433 17 A. No.

02:09:27:634 18 Q. If you look at Exhibit 513-A, the second

02:09:33:473 19 e-mail from Mr. Khan, the second line says if we can

02:09:39:446 20 get this done, we're pretty much done on 50 percent

02:09:41:648 21 of the portfolio, 250 MM off the bat.

02:09:45:819 22 Sir, my understanding is 250 MM refers

02:09:48:187 23 to 250 million.

02:09:49:589 24 A. Yes.

02:09:50:356 25 Q. Okay. Thank you.

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02:11:40:867 1 Stoker - May 3, 2012

02:11:41:834 2 Q. And you were aware of the amount of that

02:11:42:835 3 trade?

02:11:44:170 4 A. Yes.

02:11:53:146 5 Q. I'm going to show you, sir, what's been

02:11:54:647 6 previously marked as Exhibit 617.

02:12:01:121 7 MR. INFELISE: And for the record,

02:12:22:709 8 Exhibit 617 is a one-page document, CITI

02:12:28:248 9 18249474.

02:12:36:556 10 A. Yes.

02:12:37:224 11 Q. All right, sir. And this appears to be

02:12:38:725 12 an e-mail from Brian Stoker to Darius Grant on

02:12:41:861 13 January the 8th, 2007 at 11:55 a.m.

02:12:46:232 14 Sir, looking at this e-mail, do you

02:12:48:968 15 recall sending this e-mail?

02:12:52:238 16 A. I don't recall, but I'm sure I sent it.

02:12:53:907 17 Q. All right. And about midway down the

02:12:58:511 18 e-mail, there is a reference to CDO squared.

02:13:01:381 19 Do you see that?

02:13:02:449 20 A. I do.

02:13:03:350 21 Q. And there is reference to CSAC, BSAM and

02:13:07:587 22 Dillon Read, parents UBS. Then it says CSAC is buying

02:13:12:792 23 250 million -- or excuse me, 250 MM from DQ.

02:13:20:166 24 Sir, is this the e-mail indicating that

02:13:23:970 25 you learned on January 8th, 2007 that Credit Suisse

0105

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02:13:27:507 1 Stoker - May 3, 2012

02:13:28:575 2 had agreed to sell protection to Donald Quintin for

02:13:32:679 3 \$250 million?

02:13:34:247 4 A. It indicates I had some idea. Is buy,

02:13:36:549 5 as opposed to bought. I don't know if the trade was

02:13:38:318 6 done or where that trade stood necessarily, but I had

02:13:41:721 7 some idea.

02:13:42:989 8 Q. And how did you learn that?

02:13:44:891 9 A. I don't know.

02:13:46:626 10 Q. Is that information that you would have

02:13:48:027 11 been provided by Mr. Khan?

02:13:50:864 12 A. I might have overheard Mr. Khan or

02:13:53:466 13 Mr. Carosielli or Mr. Quintin or maybe --

02:13:57:837 14 MR. KEKER: Don't guess if you don't

02:13:58:771 15 remember.

02:13:59:005 16 A. I don't remember.

02:13:59:439 17 Q. You don't recall?

02:14:00:240 18 A. I don't.

02:14:00:907 19 Q. Was it a common practice for the

02:14:02:475 20 structurers to be kept up to date on the status of a

02:14:07:046 21 CDO that you may be structuring?

02:14:12:152 22 A. Trades -- if a manager agreed to a

02:14:14:120 23 trade, they would fill out the trade log, and send it

02:14:16:022 24 to the structuring team.

02:14:17:457 25 Q. So you would get a copy of the trade log

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02:15:26:459 1 Stoker - May 3, 2012

02:15:28:094 2 A. It's not.

02:15:30:697 3 Q. Are you saying that the purchase of

02:15:32:699 4 protection by Mr. Quintin in the -- that CDO squared

02:15:39:906 5 which became Class V III, wasn't a proprietary trade?

02:15:45:545 6 A. Donald did end up having some position

02:15:47:046 7 in it, but from my perspective, it was not the ideas

02:15:50:617 8 discussed, and it was not the -- in October-November,

02:15:54:020 9 it was a trade where Donald had some position in it,

02:15:56:823 10 so if you want to call it a prop trade, okay, but it

02:15:59:959 11 was a different deal where Credit Suisse picked the

02:16:01:728 12 assets, and Donald's position was uncertain.

02:16:13:339 13 Q. Well, do you know whether or not other

02:16:15:575 14 people in the structuring desk considered the

02:16:18:345 15 position Mr. Quintin was taking as a prop trade?

02:16:22:449 16 A. I think the term prop trade was left

02:16:23:917 17 over from the ideas of October-November. It just

02:16:26:853 18 didn't fade. If anybody called it that afterward, it

02:16:30:390 19 was just a left over term and not accurate.

02:16:33:893 20 Q. Why wasn't it accurate?

02:16:35:862 21 A. Because I don't -- because it wasn't a

02:16:37:197 22 prop -- it became not a prop trade at that point. It

02:16:39:232 23 became just what I called a regular trade where

02:16:41:735 24 Credit Suisse was picking the assets, and Donald's

02:16:45:271 25 position was secondary. Nobody knew what he was

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02:14:18:525 1 Stoker - May 3, 2012

02:14:19:059 2 indicating exactly what the trades were?

02:14:20:627 3 A. Yes.

02:14:21:628 4 Q. And how long after the trade did that

02:14:23:897 5 occur?

02:14:24:564 6 A. It's supposed to be the same day.

02:14:39:312 7 Q. Okay. Sir, after January the 8th, do

02:14:42:815 8 you recall whether or not there was any discussion

02:14:45:885 9 between you and Mr. Grant concerning -- strike that.

02:14:50:523 10 After January 8th, 2007, do you recall

02:14:52:759 11 whether or not Mr. Grant gave you any guidance or

02:14:55:695 12 direction on the structuring of this CDO squared with

02:14:59:566 13 Credit Suisse?

02:15:03:903 14 A. I don't remember any in particular, no.

02:15:06:406 15 Q. Do you recall whether he voiced any

02:15:07:807 16 concerns about the structuring of it?

02:15:12:979 17 A. I vaguely remember he wanted to make

02:15:15:115 18 sure we get the modeling right, because we

02:15:17:317 19 hadn't worked on a -- I hadn't worked on a CDO

02:15:18:985 20 squared before.

02:15:20:153 21 Q. And the reason he wanted to get the

02:15:21:121 22 modeling right was because it was a proprietary

02:15:23:256 23 trade, is that accurate?

02:15:25:258 24 A. No.

02:15:26:025 25 Q. It's not?

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02:16:49:642 1 Stoker - May 3, 2012

02:16:50:443 2 going to do. He didn't know what he was going to do.

02:16:54:347 3 Q. So you're saying at some point in time,

02:16:56:850 4 the plan to do a prop trade changed; is that

02:17:01:855 5 accurate, between October discussions and January of

02:17:05:826 6 2007?

02:17:07:360 7 A. In my view it did.

02:17:08:628 8 Q. In your view. All right.

02:17:10:497 9 How about Mr. Grant, do you know what

02:17:12:699 10 his view was?

02:17:14:868 11 A. I don't know.

02:17:18:905 12 Q. Let me show you, sir, what has been

02:17:20:506 13 previously marked as Exhibit 618.

02:17:34:321 14 MR. INFELISE: And 618 is a one-page

02:17:36:323 15 document Bates numbered CITI 18277265.

02:17:46:199 16 A. Okay.

02:17:46:366 17 Q. All right, sir. And this appears to be

02:17:49:135 18 an e-mail from Darius Grant to Brian Stoker and

02:17:52:305 19 Mr. Maneesh Awasthi.

02:17:55:141 20 A. Yes.

02:17:55:875 21 Q. Dated January 16, 2007.

02:17:58:778 22 Sir, do you recall receiving this

02:17:59:913 23 e-mail?

02:18:01:648 24 A. I don't.

02:18:02:215 25 Q. Do you have any reason to believe you

0121

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02:33:23:836 1 Stoker - May 3, 2012

02:33:24:670 2 receiving this e-mail?

02:33:25:872 3 A. No, but I'm sure I received it.

02:33:27:807 4 Q. All right. And at the bottom of the

02:33:29:542 5 e-mail, there is a -- bottom of the page, there is an

02:33:32:345 6 e-mail from Mr. Li on February the 5th to Shalabh

02:33:39:686 7 Mehrish, and copies to you and Mr. Pinniger and

02:33:43:957 8 Mr. -- I guess himself, in which he says SK Life

02:33:49:128 9 insists they want to see no static deal in the Class

02:33:52:465 10 V portfolio unless CSAC can convince him each of the

02:33:56:102 11 static deals has value added, which is hard to prove.

02:34:00:173 12 Do you recall any discussion with Mr. Li

02:34:03:109 13 or any of the other individuals in this e-mail about

02:34:06:713 14 that request from I guess what's referred to as SK

02:34:09:849 15 Life?

02:34:11:217 16 A. No.

02:34:13:186 17 Q. Do you have any idea why it would be

02:34:14:888 18 hard to prove that the specific static deals selected

02:34:18:558 19 by CSAC didn't add any value to the portfolio?

02:34:23:330 20 A. I think it's always hard to prove that

02:34:24:831 21 an investment -- one investment is better than the

02:34:27:300 22 other. You can't prove it, right? There are

02:34:29:236 23 different assets, different prices. You can't prove

02:34:32:572 24 it. And if an investor has a view that something

02:34:35:575 25 is -- that they don't like static deals, then I think

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02:36:35:662 1 Stoker - May 3, 2012

02:36:52:812 2 Q. Have you had a chance to look at Exhibit

02:36:54:414 3 380, sir?

02:36:55:515 4 A. I have.

02:36:56:049 5 Q. It appears to be an e-mail from a Brian

02:36:59:119 6 Herr to several individuals. One of those indicates

02:37:05:191 7 is Brian Stoker, dated February 28, 2007.

02:37:08:829 8 Sir, do you recall receiving this

02:37:10:397 9 e-mail?

02:37:11:031 10 A. No.

02:37:12:098 11 Q. Now, I think you testified earlier that

02:37:14:267 12 February 28th, 2007 was the date that the Class V III

02:37:18:137 13 closed; is that right?

02:37:19:505 14 A. Yes.

02:37:26:379 15 Q. Now, the subject of this is Credit

02:37:27:647 16 Suisse's CDO trade log, Class V Funding III.

02:37:32:119 17 Sir, do you recall whether or not you

02:37:33:553 18 actually reviewed the attachments to this e-mail?

02:37:39:493 19 A. I don't recall.

02:37:40:960 20 Q. Would it be common practice for you to

02:37:42:529 21 do so?

02:37:43:563 22 A. No.

02:37:44:297 23 Q. Why not?

02:37:48:167 24 A. Because I didn't have a view on

02:37:50:270 25 individual assets. This was -- I don't know why he

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02:34:38:612 1 Stoker - May 3, 2012

02:34:39:746 2 it's going to be hard to prove -- certainly prove it,

02:34:41:782 3 much less convince them that you know, to change

02:34:44:384 4 their mind.

02:34:45:385 5 Q. All right. Now, there is an e-mail

02:34:49:790 6 below the first one from Mr. Mehrish to you and

02:34:53:860 7 Mr. Li, copy to Mr. Pinniger, which says Samir bought

02:34:57:397 8 these static bonds and he should have a rationale as

02:35:00:233 9 to why he found them attractive.

02:35:03:537 10 And the response from Mr. Li at the top

02:35:07:040 11 which was sent to you and Mr. Mehrish, says yes, he

02:35:10:042 12 could come up with some stories for some of the

02:35:12:079 13 static deals in the Class V pool, but not all of

02:35:14:948 14 them.

02:35:16:182 15 Sir, did it give you any concern when

02:35:17:817 16 you read this e-mail that Mr. Li was saying that

02:35:24:825 17 Credit Suisse could not come up with a rationale for

02:35:27:260 18 why to include all the deals that it did in Class V?

02:35:30:930 19 A. No.

02:35:31:064 20 Q. Not at all?

02:35:32:699 21 A. Not at all.

02:35:33:967 22 Q. Thank you.

02:35:51:151 23 Sir, I'm going to show you what's

02:35:52:251 24 previously marked as Exhibit 380.

02:36:20:847 25 A. Okay.

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02:37:53:005 1 Stoker - May 3, 2012

02:37:53:640 2 was sending this on the closing date. Usually, on

02:37:56:776 3 this deal, Frank Li would look at the assets chosen

02:38:00:880 4 and update his models with those assets. And then it

02:38:04:750 5 looks like -- otherwise, this information might be

02:38:07:554 6 for potential investors or somebody, not for me.

02:38:12:792 7 Q. All right. If you would look at the

02:38:14:127 8 third page of the attachment, so it's actually the --

02:38:21:368 9 since it's copied on two sides. Okay? It's the

02:38:26:206 10 third page on the second piece of paper there, which

02:38:30:243 11 is the third page of the attachment. And there is a

02:38:34:213 12 column that says broker.

02:38:35:916 13 Do you see that?

02:38:40:086 14 A. Yes.

02:38:40:821 15 Q. All right. And at least on this page,

02:38:44:491 16 there is a -- well, the first -- several of those

02:38:47:427 17 indicates the broker is Citigroup.

02:38:50:597 18 A. Yes.

02:38:51:331 19 Q. And does that indicate that in fact,

02:38:53:033 20 with respect to that asset, that Citigroup was the

02:38:56:335 21 purchaser uncovered of that asset?

02:39:00:640 22 A. No. It just means the initial trade was

02:39:02:175 23 with Citigroup. No telling what Citigroup traders

02:39:06:045 24 did after that initial trade date.

02:39:08:681 25 Q. Well, does -- but on this trade date

0125

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02:39:09:950 1 Stoker - May 3, 2012
 02:39:10:951 2 which is February 28th, 2007 --
 02:39:14:854 3 A. Right.
 02:39:15:322 4 Q. -- right? Well, doesn't this show that
 02:39:17:457 5 the entries which say Citigroup is a broker mean that
 02:39:20:560 6 Credit Suisse did the trade with Citigroup uncovered?
 02:39:24:498 7 A. No, it doesn't.
 02:40:09:609 8 Q. All right, sir. If you would look at
 02:40:13:613 9 Exhibit -- I believe it's 741. It would be your
 02:40:17:350 10 testimony on March the 4th, 2010.
 02:40:28:061 11 A. Right, sir. And if you look at the
 02:40:30:930 12 page which is 141 of the transcript.
 02:40:39:606 13 A. Okay.
 02:40:42:342 14 Q. All right. And I'm going to direct your
 02:40:43:176 15 attention to the question and answers beginning on
 02:40:46:479 16 line 18 on that page through line 6 on page 142, but
 02:40:57:390 17 take the time, the time that you think is necessary,
 02:40:59:826 18 to read as much of that as you would like.
 02:41:29:589 19 MR. KEKER: I object to using this for
 02:41:32:025 20 impeachment, because it's not impeaching.
 02:43:06:486 21 A. Okay.
 02:43:07:120 22 Q. Have you had a chance to read that, sir?
 02:43:08:321 23 A. Yes.
 02:43:09:055 24 Q. And having read that, sir, were your
 02:43:10:256 25 answers to those questions accurate?

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02:44:24:764 1 Stoker - May 3, 2012
 02:44:26:299 2 change the tape.
 02:44:31:471 3 THE VIDEOGRAPHER: This marks the end of
 02:44:32:072 4 tape No. 3. We're going off the record at 12:04,
 02:44:34:808 5 p.m.
 02:44:37:674 6 (There was a recess taken.)
 02:44:37:744 7 THE VIDEOGRAPHER: This marks the start
 02:44:38:311 8 of tape No. 4. We're back on the record at
 02:44:40:313 9 12:15 p.m.
 02:44:42:812 10 BY MR. INFELISE:
 02:44:42:882 11 Q. Mr. Stoker, based on your experience at
 02:44:45:551 12 Citigroup, when Citigroup acted as an arranging bank
 02:44:50:590 13 for a CDO, how was it compensated?
 02:44:54:761 14 A. How was Citigroup compensated?
 02:44:55:962 15 Q. Yes.
 02:44:58:332 16 A. Structuring fees.
 02:45:00:433 17 Q. And the structuring fees, who paid
 02:45:01:935 18 those?
 02:45:05:638 19 A. That's hard to say who paid them. It
 02:45:07:474 20 was kind of really the structuring fees were whatever
 02:45:11:244 21 dollars were left over after buying the assets and
 02:45:14:147 22 selling all the notes.
 02:45:15:515 23 Q. So ultimately, the money that was paid
 02:45:17:083 24 to pay that structuring fee came from investors in
 02:45:19:653 25 the CDO, didn't it?

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02:43:11:825 1 Stoker - May 3, 2012
 02:43:13:026 2 A. Absolutely.
 02:43:13:459 3 Q. All right. Let me ask you this again
 02:43:17:430 4 with respect to Exhibit 380. And I'm again going to
 02:43:24:404 5 direct your attention to the third page of the
 02:43:29:076 6 attachment.
 02:43:33:647 7 A. Okay.
 02:43:34:481 8 Q. And in the column which says broker,
 02:43:36:250 9 where someone other than Citigroup is listed, doesn't
 02:43:40:553 10 that indicate that with respect to that asset, that
 02:43:44:691 11 Citigroup just intermediated the trade?
 02:43:50:998 12 A. I'm sorry, could you repeat the
 02:43:51:999 13 question.
 02:43:52:399 14 Q. Sure. In the column that says broker,
 02:43:54:500 15 and for the assets where it shows someone other than
 02:43:58:038 16 Citigroup, does that indicate that that person listed
 02:44:02:576 17 as broker or -- let me say this -- strike that.
 02:44:05:011 18 Does that entry of a name other than
 02:44:07:414 19 Citigroup indicate for that asset Citigroup actually
 02:44:10:517 20 just intermediated the trade for Credit Suisse?
 02:44:13:419 21 A. Yes.
 02:44:14:454 22 Q. And that would be a trade in which
 02:44:17:457 23 Citigroup would charge its what, 3 basis points?
 02:44:20:793 24 A. Yes.
 02:44:21:594 25 MR. INFELISE: I think it's time to

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02:45:21:421 1 Stoker - May 3, 2012
 02:45:22:489 2 A. You could say that.
 02:45:23:323 3 Q. Okay. Do you recall how much Citi
 02:45:27:527 4 actually made or do you recall how much Citi charged
 02:45:31:431 5 for the structuring fees on a Class V III?
 02:45:37:237 6 A. Not precisely.
 02:45:38:972 7 Q. Okay.
 02:45:48:182 8 MR. INFELISE: I'm going to ask the
 02:45:49:282 9 court reporter to mark the next exhibit as
 02:45:52:819 10 Exhibit 748.
 02:45:55:112 11 (Exhibit 748, E-Mail String, Bates No.
 02:45:55:181 12 CITI 15019692, marked for identification, as of
 02:45:55:251 13 this date.)
 02:45:55:322 14 MR. INFELISE: For the record, Exhibit
 02:46:17:310 15 748 is a one-page document CITI -- Bates No.
 02:46:20:814 16 CITI 15019692.
 02:46:29:389 17 A. Okay.
 02:46:30:256 18 Q. Sir, have you had a chance to look at
 02:46:31:358 19 Exhibit 748?
 02:46:33:760 20 A. I have.
 02:46:34:961 21 Q. And the top e-mail appears to be from
 02:46:37:331 22 Brian Stoker on March 1st, 2007 to several
 02:46:43:069 23 individuals; Frank Li, and -- excuse me, Frank Li and
 02:46:47:640 24 Darius Grant.
 02:46:48:942 25 Sir, looking at this e-mail, do you have

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02:46:50:343 1 Stoker - May 3, 2012
 02:46:51:210 2 any recollection of sending it?
 02:46:54:013 3 A. I don't.
 02:46:54:380 4 Q. All right. Do you have any reason to
 02:46:55:882 5 believe you didn't?
 02:46:56:950 6 A. No.
 02:46:58:351 7 Q. Looking at the bottom e-mail on this
 02:47:00:420 8 page, which appears to be from Frank Li to several
 02:47:03:523 9 individuals including Brian Stoker on February 28th,
 02:47:08:028 10 2007, sir, do you have any reason to believe you
 02:47:11:231 11 didn't receive this e-mail?
 02:47:12:765 12 A. No.
 02:47:13:233 13 Q. Do you have any recollection of actually
 02:47:14:500 14 receiving it?
 02:47:15:635 15 A. No.
 02:47:16:436 16 Q. Now, on this -- the subject is Class V
 02:47:20:207 17 Funding III final P&L. There is a listing of total
 02:47:25:111 18 gross fee of 34 million. Is that \$34 million, sir?
 02:47:31:985 19 A. Yes.
 02:47:33:954 20 Q. Does this refresh your recollection
 02:47:36:456 21 concerning how much Citigroup charged for structuring
 02:47:40:293 22 fees in the Class V III?
 02:47:42:195 23 A. Yes.
 02:47:42:795 24 Q. Would this be an accurate statement of
 02:47:45:031 25 that amount?

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02:48:50:163 1 Stoker - May 3, 2012
 02:48:51:564 2 money; is that right?
 02:48:51:931 3 A. Generically, yes, I had some idea.
 02:48:53:600 4 Q. And what was the basis of that idea?
 02:48:55:301 5 A. I don't remember.
 02:48:56:370 6 Q. All right. And how about after March
 02:48:57:804 7 1st, do you have any idea of how much, if any, more,
 02:49:01:674 8 was made as a result of those short positions that
 02:49:03:643 9 were taken in the assets in Class V Funding III?
 02:49:08:848 10 A. In the months -- in the time after, I
 02:49:10:850 11 thought he made more money, but -- right? I thought
 02:49:14:788 12 he had made more money.
 02:49:16:189 13 Q. All right, sir.
 02:49:47:654 14 In the time frame the end of 2006
 02:49:49:823 15 through early 2007, did you have a view concerning
 02:49:54:528 16 Citi's role as a swap counterparty for synthetic
 02:49:59:566 17 assets in the CDO?
 02:50:01:935 18 A. Did I have a view?
 02:50:05:071 19 Q. A view.
 02:50:05:338 20 A. A view?
 02:50:05:671 21 Q. Yeah.
 02:50:07:507 22 A. I'm not sure what you mean by view.
 02:50:09:409 23 Q. Well, how did you -- you were aware that
 02:50:11:344 24 for synthetic assets in a CDO, Citi as arranging bank
 02:50:16:950 25 would be what we called the initial swap

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02:47:45:899 1 Stoker - May 3, 2012
 02:47:47:868 2 A. Yes.
 02:47:48:201 3 Q. At the top of the page, an e-mail that
 02:47:49:736 4 you sent on March 1st, 2007, you said that was a
 02:47:54:541 5 guess. Then DQ made lots of money being short the
 02:47:58:111 6 market that we can't take credit for.
 02:48:00:880 7 DQ again, is that referring to
 02:48:02:503 8 Donald Quintin?
 02:48:03:316 9 A. Yes.
 02:48:04:184 10 Q. And when you say being short the market,
 02:48:06:352 11 are you referring to the fact that Mr. Quintin took a
 02:48:09:556 12 short position on synthetic assets in the Class V
 02:48:13:660 13 Funding III?
 02:48:15:461 14 A. For some time, yes, I had -- yes.
 02:48:18:431 15 Q. All right. So as of March 1st, 2007,
 02:48:21:568 16 you say he's made lots of money -- by March 1st, 2007
 02:48:25:638 17 by being short?
 02:48:26:773 18 A. Yes.
 02:48:27:474 19 Q. Do you know or have any idea how much
 02:48:29:809 20 money was made as a result of short positions on all
 02:48:33:346 21 those assets after March 1st, 2007?
 02:48:38:618 22 A. Well, even at that time, I had -- it was
 02:48:39:919 23 just a guess. I didn't have any insight into the
 02:48:42:289 24 trading desk confidential trades or trading strategy.
 02:48:47:160 25 Q. Well, but you said DQ made lots of

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02:50:18:518 1 Stoker - May 3, 2012
 02:50:19:185 2 counterparty; isn't that correct?
 02:50:19:819 3 A. Yes.
 02:50:20:954 4 Q. How did you view that role?
 02:50:26:392 5 A. A necessary role to create a CDO.
 02:50:28:561 6 Q. Okay. And in that role, they were just
 02:50:30:463 7 the -- Citi was just acting as the intermediary; is
 02:50:33:333 8 that accurate?
 02:50:34:801 9 A. It could have been an intermediary or
 02:50:35:935 10 not.
 02:50:37:571 11 Q. Well, did you view it, then, as an
 02:50:39:172 12 intermediary?
 02:50:42:542 13 A. I viewed it as they had to be involved
 02:50:44:210 14 to structure the CDO. And that they may or may not
 02:50:51:184 15 be intermediating.
 02:50:53:787 16 Q. Well, did you consider that role pretty
 02:50:55:622 17 insignificant with respect to the CDO squared --
 02:50:59:326 18 excuse me, a synthetic CDO? I'm sorry.
 02:51:04:797 19 A. Insignificant?
 02:51:05:431 20 MR. KEKER: Objection to the form pretty
 02:51:06:632 21 insignificant.
 02:51:08:935 22 A. It was necessary. You had to have it.
 02:51:14:340 23 Q. Sir, did you view that role Citi played
 02:51:17:343 24 as initial swap counterparty as a basic
 02:51:20:080 25 administrative one, moving cash around?

0133

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02:51:25:185 1 Stoker - May 3, 2012

02:51:26:252 2 A. If they were intermediating or moving

02:51:28:588 3 cash around, I guess that wasn't the primary -- most

02:51:33:125 4 important thing in the CDO.

02:51:34:694 5 Q. Okay. If you would look again at

02:51:37:463 6 Exhibit 471, which is your testimony on March 4th,

02:51:43:937 7 2010.

02:51:56:083 8 A. Yes.

02:51:57:117 9 Q. All right. I'm going to direct your

02:51:57:851 10 attention to page 62 and 63 of that testimony. And

02:52:14:067 11 you can read any portion you want. I was going to

02:52:15:969 12 direct your attention to the lines beginning on lines

02:52:19:739 13 16 of page 62 through line 9 of page 63.

02:52:26:079 14 A. Okay.

02:52:47:034 15 MR. KEKER: Jeff, I thought Ms. Imes

02:52:48:601 16 made a correction to this answer on the

02:52:53:339 17 transcript, or some place. I've seen it.

02:52:56:843 18 MR. INFELISE: Well, if you provide it

02:52:58:044 19 to us, I'll be happy to add it in.

02:52:59:446 20 A. I do not have it.

02:53:01:014 21 MR. INFELISE: Let's go off the record.

02:53:03:216 22 THE VIDEOGRAPHER: We are going --

02:53:05:151 23 MR. KEKER: No, we don't need to go off

02:53:06:352 24 the record.

02:53:06:853 25 MR. INFELISE: Yes, we do.

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02:53:07:754 1 Stoker - May 3, 2012

02:53:09:255 2 MR. KEKER: No, we don't.

02:53:10:023 3 MR. INFELISE: We do. We are not going

02:53:10:890 4 to waste time arguing on my time.

02:53:13:160 5 MR. KEKER: Okay. Well, I won't charge

02:53:14:494 6 you for the time, but I just assume stay on the

02:53:16:997 7 record. I thought she said there should be a

02:53:20:266 8 not in here.

02:53:21:134 9 MR. INFELISE: Where?

02:53:22:402 10 MR. KEKER: Right where it's -- having

02:53:24:905 11 Citigroup in the middle of every trade does not

02:53:26:740 12 seem like a concern to me. Now, I thought

02:53:29:076 13 that's in the transcript. In the 2011, maybe.

02:53:41:121 14 Anyway. We'll look. He can testify and we'll

02:53:43:657 15 look for it.

02:53:43:923 16 MR. INFELISE: Sure. All right.

02:53:47:661 17 MR. KEKER: It's in the 2011.

02:53:50:296 18 MR. INFELISE: If it helps, I wasn't

02:53:52:165 19 focusing on that answer anyway. But I'll be

02:53:55:435 20 happy if you find the correction, we can put it

02:53:57:371 21 in.

02:53:58:171 22 Q. All right, Mr. Stoker.

02:53:59:239 23 Again, take your time and read through

02:54:00:874 24 whatever you --

02:54:01:441 25 MR. KEKER: Here. I'm sorry, it's page

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02:54:02:609 1 Stoker - May 3, 2012

02:54:04:177 2 337 of Exhibit 742. And Ms. Imes says -- refers

02:54:12:185 3 to line 19. Mr. Stoker answers I wasn't

02:54:14:521 4 concerned. The manager picks the assets, you

02:54:16:290 5 know, determines every trade, so having

02:54:17:991 6 Citigroup in the middle of every trade does not

02:54:19:959 7 seem concern now. She said there is a not

02:54:22:595 8 missing. There should be a not after does

02:54:25:732 9 there. I think in the context it's obvious that

02:54:28:235 10 is correct, but I wanted to be sure that you

02:54:30:169 11 knew that error was there, and she offered you

02:54:32:405 12 the tape or offered Mr. Feller to go look at the

02:54:36:076 13 tape.

02:54:36:309 14 MR. INFELISE: All right. Thank you.

02:54:38:978 15 Q. Sir, have you had a chance to read that?

02:54:40:046 16 A. I have.

02:54:40:747 17 Q. Now, you look on page 63, start on line

02:54:43:716 18 there 3 where you describe -- you say well. to

02:54:46:653 19 elaborate, I would say the manager is in charge.

02:54:49:122 20 Right, do you see that?

02:54:50:523 21 A. I do.

02:54:51:291 22 Q. And then you go on to say and Citigroup

02:54:53:259 23 is -- Citigroup as swap counterparty, is just the

02:54:55:962 24 intermediary, kind of a bi-product of the deal and

02:54:59:366 25 pretty insignificant, I would say, to the CDO. It's

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02:55:01:234 1 Stoker - May 3, 2012

02:55:02:435 2 almost like a -- almost like just an administrator

02:55:05:872 3 moving cash around.

02:55:07:374 4 Sir, when you gave that testimony, was

02:55:08:841 5 that accurate and correct?

02:55:10:143 6 A. Yes.

02:55:10:911 7 Q. Thank you. Now, with respect to Class V

02:55:16:950 8 Funding III, sir, wasn't Citigroup's role different

02:55:23:023 9 from the role as initial swap counterparty that you

02:55:26:893 10 just described?

02:55:31:231 11 A. Different, no. They were the initial

02:55:32:432 12 swap counterparty.

02:55:33:967 13 Q. Well, didn't they have another role in

02:55:35:435 14 that besides being initial swap counterparty?

02:55:38:572 15 A. As what?

02:55:40:106 16 Q. I don't know. I'm asking you. Do you

02:55:41:174 17 know if they had another role?

02:55:42:442 18 A. No.

02:55:43:276 19 Q. If Citigroup took a naked -- excuse me,

02:55:45:579 20 a short position in specific assets which it held,

02:55:49:416 21 isn't that different than being initial swap

02:55:51:284 22 counterparty that just intermediates trades?

02:55:54:721 23 A. No, it's not different.

02:55:55:689 24 Q. It's not at all different?

02:55:56:656 25 A. It's the exact same as being the initial

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02:55:58:191 1 Stoker - May 3, 2012

02:56:01:361 2 swap counterparty. It's different than

02:56:02:228 3 intermediating trades, but it's the same as being the

02:56:03:563 4 initial swap counterparty.

02:56:05:065 5 Q. So when you say they were almost an

02:56:06:632 6 administrator moving cash around, you say that's

02:56:09:703 7 exactly the same as what Citigroup did with respect

02:56:13:506 8 to the 25 assets on which it took a short position;

02:56:17:043 9 is that correct?

02:56:22:983 10 MR. KEKER: I object to the form of the

02:56:24:117 11 question.

02:56:29:422 12 A. Could you repeat the question, please.

02:56:30:690 13 Q. Sure. I just referred to the statement

02:56:34:561 14 you made that Citigroup's role as a swap counterparty

02:56:38:665 15 was almost just as an administrator moving cash

02:56:42:569 16 around; and I'm asking you with respect to the 25

02:56:46:306 17 assets on which Citigroup took a short position, are

02:56:49:542 18 you saying that that describes what Citigroup did?

02:56:52:946 19 A. Yes.

02:56:53:847 20 Q. So they moved cash around from the

02:56:55:214 21 investors to Citigroup?

02:56:59:352 22 A. From themselves to -- from the trading

02:57:03:056 23 desk to the CDO.

02:57:07:494 24 Q. The trading desk did?

02:57:09:663 25 A. The trading desk was the initial swap

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02:58:17:831 1 Stoker - May 3, 2012

02:58:20:633 2 of default, then the CDO has to pay the person

02:58:23:169 3 purchasing the protection the value of the amount of

02:58:28:909 4 insurance they purchased, right?

02:58:31:511 5 A. Okay.

02:58:31:711 6 Q. All right. So if in fact, assets -- the

02:58:34:748 7 25 assets or some of the 25 assets which Citigroup

02:58:39:319 8 took a naked or short position on, they kept them

02:58:43:857 9 until they defaulted, Citigroup would be entitled to

02:58:47:927 10 a payment of the entire amount that they purchased

02:58:50:963 11 protection on; is that accurate?

02:58:54:201 12 A. Yes.

02:58:54:834 13 Q. All right. So if that occurred, then in

02:58:58:405 14 the moving cash around that you described, would be

02:59:02:442 15 from the investors directly to Citigroup, correct?

02:59:06:079 16 A. Yes.

02:59:15:054 17 Q. Do you have any idea approximately how

02:59:18:892 18 much profit Citigroup realized as a result of the

02:59:23:063 19 naked positions or the short positions they took on

02:59:26:599 20 the 25 assets in Class V III?

02:59:30:237 21 A. No, I don't know.

02:59:31:337 22 Q. Do you recall ever trying to estimate

02:59:33:005 23 that?

02:59:34:041 24 A. I did try to estimate.

02:59:35:174 25 Q. All right. I'm going to show you, sir,

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02:57:10:930 1 Stoker - May 3, 2012

02:57:11:564 2 counterparty. They moved cash around from

02:57:12:465 3 themselves, right? They made premium payments to the

02:57:15:001 4 CDO.

02:57:16:203 5 Q. And when, as you described, Mr. Quintin

02:57:20:073 6 made a lot of profits on those short positions, then

02:57:23:777 7 you're moving cash from the investors to Citigroup,

02:57:26:312 8 right?

02:57:29:682 9 A. There was no cash flows for that.

02:57:32:251 10 Q. What do you mean there was no cash

02:57:33:120 11 flows?

02:57:35:155 12 A. Well, in any profits that Donald had

02:57:37:190 13 made, and I didn't have much insight into his

02:57:40:694 14 strategy or his trading book, any profits he made in

02:57:43:897 15 January, February, that is just a -- you know, mark

02:57:47:634 16 to market or realized gain on trades he had offset at

02:57:50:002 17 the time, and there is no cash movement facing the

02:57:56:342 18 CDO at the time.

02:57:57:543 19 Q. Well, let me ask you this; if you buy

02:57:59:579 20 protection on specific assets in a synthetic CDO, the

02:58:05:718 21 person who purchased the protection pays a certain

02:58:08:989 22 premium; is that accurate?

02:58:11:057 23 A. Yes.

02:58:12:025 24 Q. And the reason they pay that premium,

02:58:13:860 25 that is if, for some reason, that asset has an event

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02:59:38:445 1 Stoker - May 3, 2012

02:59:41:681 2 what was previously marked as Exhibit 377.

03:00:06:306 3 Sir, have you had a chance to look at

03:00:07:607 4 Exhibit 377? And take your time. There is a fairly

03:00:15:082 5 lengthy attachment to it.

03:00:17:317 6 A. I have.

03:00:18:151 7 Q. All right.

03:00:19:752 8 MR. INFELISE: And for the record,

03:00:20:720 9 Exhibit 377 is a multi-page document Bates

03:00:24:791 10 numbered CITI 15025665 through 676.

03:00:33:099 11 Q. Sir, the first page of this document

03:00:35:001 12 appears to be an e-mail from Brian Stoker to Darius

03:00:38:972 13 Grant on June 27, 2007.

03:00:45:245 14 Subject, savings by selling to CSAC

03:00:48:181 15 Vandy and Harding.

03:00:50:317 16 Sir, do you recall why you sent this --

03:00:53:052 17 well, first off, do you recall sending this e-mail to

03:00:54:955 18 Mr. Grant?

03:00:57:357 19 A. I do.

03:00:57:958 20 Q. All right. And why is it you sent this

03:00:59:993 21 e-mail?

03:01:01:127 22 A. I don't recall.

03:01:04:030 23 Q. And there's a list of deals there, these

03:01:06:566 24 deals were. Do you see that, sir?

03:01:07:734 25 A. I do.

0141

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03:01:07:901 1 Stoker - May 3, 2012

03:01:09:202 2 Q. One of those is Class V III?

03:01:12:572 3 A. Yes.

03:01:13:040 4 Q. And then down in the body of the e-mail,

03:01:15:875 5 you say, the third line, Class V III made us \$250

03:01:20:346 6 million in profits, correct?

03:01:23:483 7 A. Yes.

03:01:24:050 8 Q. All right. And if I recall your

03:01:25:518 9 testimony, the structuring fee that Citigroup made as

03:01:28:888 10 a result of Class V Funding III was \$34 million.

03:01:34:561 11 A. Yes.

03:01:36:530 12 Q. All right. That was the fee. Okay.

03:01:37:263 13 Now, where did the other profits that you've listed

03:01:43:336 14 there come from, to your knowledge?

03:01:46:206 15 A. All right. This analysis was based off

03:01:50:110 16 of what I wrote here. This wasn't about structuring

03:01:52:011 17 fees. This was from three -- from the three sources.

03:02:00:887 18 Q. I see.

03:02:02:623 19 A. The trading desk, where I assume that

03:02:04:858 20 trading desk shorted assets, from assets that Chris

03:02:10:397 21 Carman's desk sold in CDOs, and I assumed that these

03:02:14:734 22 assets that hadn't been sold would be -- Citi would

03:02:18:304 23 have retained them and realized a loss on those, and

03:02:21:742 24 the third source is Shalabh's sales, so any issued

03:02:25:511 25 CDOs that these seven CDOs bought, I assumed that

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03:03:35:515 1 Stoker - May 3, 2012

03:03:39:819 2 Chris Carman -- any CDOs that Chris Carman had made

03:03:44:590 3 and was purchased by these seven deals, I assumed

03:03:47:960 4 that those would take a loss and also, the same thing

03:03:50:363 5 for Shalabh's deals.

03:03:52:499 6 Q. Okay. So as I understand, with respect

03:03:54:401 7 to Class V III, you said you had access to a -- some

03:03:59:906 8 trading logs for those specific assets in Class V

03:04:03:543 9 III; is that right?

03:04:05:378 10 A. I had a trade log for each of these

03:04:06:346 11 seven deals.

03:04:07:447 12 Q. And is that the same information you had

03:04:09:082 13 in February of 2007?

03:04:12:986 14 A. Yes.

03:04:14:288 15 Q. All right. So your estimate, based on

03:04:18:158 16 your review of those logs, was that Class V III or

03:04:22:929 17 Citigroup made about \$250 million in profits on Class

03:04:26:933 18 V III as of June 27, 2007?

03:04:30:970 19 A. Profits or losses avoided.

03:04:33:773 20 Q. Well, it says profits, sir. Does it say

03:04:35:541 21 losses avoided in Class V Funding III?

03:04:37:844 22 A. Below I did. My next question.

03:04:43:116 23 Q. Which part?

03:04:45:786 24 A. The last sentence of the e-mail. Where

03:04:48:822 25 I wrote even if you care to cut my estimates of

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03:02:29:015 1 Stoker - May 3, 2012

03:02:30:416 2 Citigroup would not have sold those and instead,

03:02:32:185 3 would have held those through this date and would

03:02:34:587 4 have incurred a loss of those. Those were three

03:02:36:389 5 sources of losses.

03:02:38:892 6 Q. All right. Did you say that this does

03:02:40:560 7 not include structuring fees, this is separate and

03:02:42:462 8 apart?

03:02:43:063 9 A. It does.

03:02:44:531 10 Q. Then I guess my question was with

03:02:46:299 11 respect to Class V Funding III specifically, you talk

03:02:49:669 12 about a profit of \$250 million.

03:02:51:971 13 A. Yes.

03:02:52:972 14 Q. What was your basis for concluding on

03:02:55:842 15 June the 27th, 2007, that Citigroup made a profit of

03:03:00:880 16 \$250 million in Class V III?

03:03:03:516 17 A. Well, I didn't have good information. I

03:03:05:718 18 didn't have access to the trading desk confidential

03:03:09:623 19 trades -- any trades that they had done since. Other

03:03:12:592 20 than besides the one that had been done with the CDO

03:03:16:196 21 initially. But I went and looked at the seven trade

03:03:19:533 22 logs for these seven deals, and I looked for these

03:03:23:636 23 three sources of trades. One where the initial

03:03:26:639 24 broker was Citigroup, and I assumed that Citigroup

03:03:31:844 25 had stayed short on all these seven deals, and then

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03:04:50:323 1 Stoker - May 3, 2012

03:04:53:059 2 profits or losses avoided.

03:04:58:965 3 Q. But above it when you talk about --

03:05:01:201 4 obviously, the paragraph contains reference to both

03:05:04:905 5 profits and losses avoided; is that accurate?

03:05:10:110 6 A. Can you repeat the question, please.

03:05:11:210 7 Q. Sure. The paragraph starting Citi sold

03:05:13:179 8 \$2 billion, 2 BB, of Citi CDOs, that paragraph

03:05:18:384 9 contains references to both profits made and losses

03:05:22:388 10 avoided; is that accurate?

03:05:40:741 11 A. Yes.

03:05:41:541 12 Q. All right. So when you say Class V III

03:05:44:444 13 made us 250 million, you specifically refer to

03:05:48:548 14 profits?

03:05:50:517 15 A. I did.

03:05:50:984 16 Q. Okay. Now, this was as of June 27th,

03:05:55:355 17 2007, your estimate?

03:05:58:692 18 A. Yes.

03:05:59:192 19 Q. All right. Do you know or are you aware

03:06:02:262 20 of whether Citigroup retained any of the short

03:06:06:599 21 positions on those 25 assets in Class V III until

03:06:11:471 22 such time as there was an event of default in that

03:06:14:340 23 asset?

03:06:16:810 24 MR. KEKER: Did he know at the time or

03:06:18:011 25 does he know now?

0145

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03:06:18:745 1 Stoker - May 3, 2012

03:06:20:581 2 MR. INFELISE: Yes. Did he know at the

03:06:21:147 3 time. Thank you.

03:06:22:515 4 A. I wasn't aware in June, I wasn't aware

03:06:23:784 5 when there was a default. I wasn't aware until my

03:06:25:952 6 first investigative testimony.

03:06:27:687 7 Q. All right. Do you have any recollection

03:06:29:556 8 of when Class V III was declared to be in default?

03:06:37:197 9 A. I've since learned that it was in

03:06:40:534 10 2000 -- end of 2007.

03:06:42:736 11 Q. But you since learned that, you mean

03:06:44:003 12 during this litigation?

03:06:44:971 13 A. That's right.

03:06:45:939 14 Q. Were you still working at Citi in

03:06:47:875 15 November 2007?

03:06:49:375 16 A. I was.

03:06:50:209 17 Q. Did you receive any information then

03:06:51:945 18 whether Class V III was the date it was declared to

03:06:56:850 19 be in default?

03:06:59:185 20 A. Maybe. I don't remember.

03:07:00:753 21 Q. So you have no knowledge concerning

03:07:03:223 22 what, if any, of the assets, 25 assets in which it

03:07:06:493 23 took a short position, it still held on the day that

03:07:11:130 24 Class V III was declared to be in default?

03:07:12:866 25 A. No, I don't know. I don't know if it

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03:08:55:501 1 Stoker - May 3, 2012

03:08:55:802 2 Exhibit 749.

03:09:18:815 3 (Exhibit 749, E-Mail Bates No. CITI

03:09:18:885 4 18190520, marked for identification, as of this

03:09:18:956 5 date.)

03:09:19:025 6 MR. INFELISE: For the record, the Bates

03:09:21:094 7 number is partially cut off, but it's CITI

03:09:24:164 8 18190520, a one-page document.

03:09:39:679 9 Q. Okay. Mr. Stoker, have you had a chance

03:09:40:947 10 to look at Exhibit 749?

03:09:42:816 11 A. I have.

03:09:44:017 12 Q. And it appears to be an e-mail from

03:09:45:585 13 Brian Stoker to Nestor Dominguez on November 29,

03:09:48:721 14 2006.

03:09:50:223 15 Sir, do you have any recollection of

03:09:51:391 16 sending this e-mail?

03:09:54:194 17 A. No.

03:09:55:228 18 Q. Do you have any reason to believe you

03:09:56:163 19 didn't send it?

03:09:57:230 20 A. No.

03:09:58:131 21 Q. And what was Mr. Dominguez's position on

03:10:00:800 22 November 29, 2006?

03:10:03:002 23 A. He was the managing director of the CDO

03:10:04:938 24 group.

03:10:08:341 25 Q. It indicates -- it says that I can now

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03:07:14:701 1 Stoker - May 3, 2012

03:07:15:535 2 was held or not. I don't know when it defaulted.

03:07:18:605 3 Q. All right.

03:07:42:863 4 Mr. Stoker, in the -- near the end of

03:07:47:734 5 2006, would it be fair to say you were seeking more

03:07:51:804 6 responsibility on the structuring desk in the CDO

03:07:55:875 7 group?

03:07:56:610 8 A. Yes.

03:07:57:710 9 Q. And why was that?

03:08:02:715 10 A. I wanted to be promoted to managing

03:08:04:284 11 director. I wanted -- I wanted to grow in my career.

03:08:11:090 12 Q. Okay. And to whom did you make that, or

03:08:19:699 13 did you make that desire known to anybody at

03:08:23:103 14 Citigroup?

03:08:24:738 15 A. I spoke to Nestor about it and probably

03:08:27:507 16 Darius.

03:08:28:641 17 Q. Do you recall specific conversations

03:08:30:143 18 with them?

03:08:31:511 19 A. I remember I spoke with Nestor one time.

03:08:34:581 20 Q. Okay. And this was -- was this in the

03:08:36:015 21 time frame of November or December of 2006?

03:08:39:653 22 A. Yes.

03:08:40:253 23 Q. Okay.

03:08:51:999 24 MR. INFELISE: I'm going to ask the

03:08:52:866 25 court reporter to mark the next exhibit as

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03:10:13:747 1 Stoker - May 3, 2012

03:10:14:681 2 be in charge of the CDO squared business.

03:10:18:318 3 At this time, on the structuring desk,

03:10:22:022 4 were there more than one director who could be in

03:10:25:358 5 charge of CDO squared?

03:10:31:264 6 A. Darius was in charge of the structuring

03:10:32:732 7 desk and the other groups. I guess Michael Salius

03:10:36:870 8 was in charge of commercial real estate CDOs, and the

03:10:39:839 9 other directors were not in charge of any particular

03:10:42:342 10 deal type.

03:10:44:310 11 Q. So with respect to those other

03:10:46:112 12 directors, they could be assigned as deal manager on

03:10:48:916 13 the CDO squared or you could be assigned as asset

03:10:51:651 14 manager of the CDO squared?

03:10:53:019 15 A. Yes.

03:10:53:787 16 Q. And you were asking to be in charge of

03:10:55:722 17 all CDO squared business?

03:10:56:957 18 A. Yes.

03:10:57:691 19 Q. Did you tell Mr. Grant that you had sent

03:10:59:425 20 this to Mr. Dominguez?

03:11:01:227 21 A. Probably.

03:11:02:795 22 Q. Are you sure?

03:11:03:864 23 A. I'm not sure.

03:11:09:802 24 MR. INFELISE: I ask the court reporter

03:11:10:537 25 to mark the next exhibit as Exhibit 750.

0149

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03:11:29:756 1 Stoker - May 3, 2012

03:11:36:286 2 (Exhibit 750, E-Mail Bates No. CITI

03:11:36:356 3 30701251, marked for identification, as of this

03:11:36:426 4 date.)

03:11:36:496 5 MR. INFELISE: For the record, Exhibit

03:11:37:630 6 750 is a one-page document, Bates numbered CITI

03:11:42:168 7 30701251.

03:11:52:011 8 A. Okay.

03:11:52:245 9 Q. All right, sir.

03:11:53:280 10 And this appears to be an e-mail from

03:11:56:750 11 Brian Stoker to Nestor Dominguez, also on November

03:11:59:619 12 29, 2006.

03:12:02:456 13 Looking at this document, sir, do you

03:12:03:857 14 have any recollection of sending it to Mr. Dominguez?

03:12:06:226 15 A. No.

03:12:07:194 16 Q. Do you have any reason to believe you

03:12:08:195 17 didn't?

03:12:08:829 18 A. No.

03:12:10:129 19 Q. Now, in the first sentence, you say if

03:12:11:764 20 you want to make more money and win the league

03:12:14:234 21 tables, give me more responsibility.

03:12:17:103 22 My first question, sir, is what are the

03:12:18:772 23 league tables?

03:12:20:673 24 A. That is just the ranking of how many

03:12:26:914 25 total deals and total volume that a deal does.

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03:13:36:883 1 Stoker - May 3, 2012

03:13:38:485 2 say also, HG CDOs and CDO squared.

03:13:41:154 3 What is an HG CDO?

03:13:42:823 4 A. It's a high grade CDO.

03:13:44:724 5 Q. So in this e-mail which was sent the

03:13:46:493 6 same day, it looks like maybe an hour and a half

03:13:49:663 7 later, if you look at 749, you're now asking

03:13:53:066 8 Mr. Dominguez for responsibility both for CDO squared

03:13:57:303 9 and the high grade CDOs?

03:13:59:105 10 A. Yes.

03:14:08:348 11 Q. Sir, in the time frame of October of

03:14:14:154 12 2006 through February 2007, was there any concern on

03:14:20:260 13 your part with respect to synthetic assets that

03:14:23:363 14 assets were being adversely selected?

03:14:31:204 15 A. Not something that I was worried about,

03:14:33:106 16 no.

03:14:34:041 17 Q. When I say adversely selected, do you

03:14:35:942 18 understand that term?

03:14:38:211 19 A. Yes.

03:14:38:612 20 Q. What is your understanding of adverse

03:14:40:213 21 selection?

03:14:42:348 22 A. Whoever is picking the assets wants them

03:14:43:750 23 to perform poorly.

03:14:45:585 24 Q. So if you were picking assets for a

03:14:48:388 25 synthetic CDO, and you're going to purchase

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03:12:31:918 1 Stoker - May 3, 2012

03:12:33:320 2 Q. And why is it that you wanted -- you

03:12:34:121 3 said that, why would Mr. Dominguez want to win the

03:12:38:391 4 league tables?

03:12:39:258 5 A. It was prestigious to be number 1 in the

03:12:41:194 6 league tables.

03:12:42:262 7 Q. Does that affect your compensation?

03:12:46:500 8 A. Not particularly.

03:12:47:701 9 Q. It doesn't?

03:12:51:337 10 A. It's unclear how I was paid.

03:12:54:574 11 Q. Did you believe at this time that you

03:12:56:743 12 were paid based upon the number of CDOs that you

03:13:00:313 13 actually were responsible for structuring?

03:13:03:049 14 A. At this time, this is when I had my

03:13:04:150 15 guarantee -- excuse me, it's not. Did I believe? I

03:13:10:791 16 tried to do my best and I wasn't sure how I was

03:13:13:693 17 compensated.

03:13:15:495 18 Q. Did you ever ask?

03:13:19:199 19 A. Actually, I did ask. I spoke to Darius

03:13:21:000 20 about it one time, and he was -- told me I was not

03:13:22:335 21 compensated based on the number of deals I did.

03:13:26:039 22 Q. Were you pushing during this time period

03:13:28:108 23 to try and do more deals?

03:13:30:977 24 A. I always pushed to do more deals.

03:13:32:645 25 Q. Okay. Now, you go on in this e-mail to

Page 152

03:14:51:291 1 Stoker - May 3, 2012

03:14:52:892 2 protection on them, you would want them to perform

03:14:54:561 3 poorly, correct?

03:14:55:329 4 A. Could you repeat the question.

03:14:56:462 5 Q. Sure. If you were picking the assets

03:14:58:965 6 for inclusion in a synthetic CDO and you intended to

03:15:01:735 7 purchase the protection on those assets, you would

03:15:04:137 8 want them to perform poorly?

03:15:06:439 9 A. I apologize. Could you repeat one more

03:15:07:607 10 time.

03:15:08:541 11 Q. I'll try.

03:15:10:543 12 So if you were picking the assets to be

03:15:13:613 13 put into a synthetic CDO, the referenced assets --

03:15:17:117 14 A. Yes?

03:15:18:051 15 Q. -- and you were going to purchase the

03:15:19:519 16 protection on them, you would want the assets you

03:15:22:555 17 picked to perform poorly?

03:15:26:026 18 A. Likely.

03:15:26:827 19 Q. Okay. Do you recall ever having any

03:15:29:997 20 discussions with anyone in the CDO group about assets

03:15:34:100 21 that were being considered for CDOs that may have

03:15:39:939 22 been adversely selected?

03:15:44:043 23 A. Could you repeat the question. I

03:15:45:111 24 apologize.

03:15:45:678 25 Q. Sure. And I'm referring, again, to the

0153

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03:15:46:879 1 Stoker - May 3, 2012

03:15:47:614 2 time period of, let's say, October 2006 to about

03:15:51:417 3 February 2007.

03:15:53:153 4 Do you recall ever having any

03:15:54:321 5 conversations with anyone in the CDO group concerning

03:16:01:061 6 specific assets that were being considered for

03:16:04:531 7 inclusion of CDOs that may have been adversely

03:16:08:101 8 selected?

03:16:11:204 9 A. I don't remember, no.

03:16:18:245 10 Q. Okay. Sir, I'm going to give you a copy

03:16:19:479 11 of what was previously marked as Exhibit 606.

03:16:46:806 12 MR. INFELISE: Exhibit 606 is a two-page

03:16:48:675 13 document, Bates numbered CITI 18142457-458.

03:17:13:132 14 A. Okay.

03:17:14:401 15 Q. Sir, the top e-mail appears to be from

03:17:17:003 16 Brian Stoker to Shalabh Mehrish on October the 31st,

03:17:22:909 17 2006.

03:17:24:411 18 Sir, do you have any recollection of

03:17:25:779 19 sending this e-mail?

03:17:27:080 20 A. No.

03:17:28:615 21 Q. Do you have any reason to believe you

03:17:29:682 22 didn't?

03:17:30:250 23 A. No.

03:17:31:118 24 Q. Do you recall whether you received the

03:17:33:153 25 e-mail just below it from Mr. Mehrish?

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03:18:33:113 1 Stoker - May 3, 2012

03:18:36:483 2 THE VIDEOGRAPHER: And we're back on the

03:18:38:217 3 record at 12:50 p.m.

03:18:39:152 4 MR. INFELISE: And at this point, I have

03:18:39:853 5 no further questions. Thank you, Mr. Stoker.

03:18:42:489 6 THE WITNESS: Thank you.

03:18:45:791 7 THE VIDEOGRAPHER: Counsel?

03:18:47:794 8 MR. KEKER: No questions.

03:18:48:628 9 THE VIDEOGRAPHER: This concludes the

03:18:50:030 10 deposition. We're going back off the record at

03:18:51:764 11 12:51 p.m.

03:18:51:765 12 (Time noted: 12:51 p.m.)

03:18:51:766 13

03:18:51:767 14

03:18:51:768 15

03:18:51:769 16

03:18:51:770 17

03:18:51:771 18

03:18:51:772 19

03:18:51:773 20

03:18:51:774 21

03:18:51:775 22

03:18:51:776 23

03:18:51:777 24

03:18:51:778 25

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03:17:35:956 1 Stoker - May 3, 2012

03:17:37:491 2 A. No, but I'm sure I received it.

03:17:38:925 3 Q. All right. And in that e-mail,

03:17:42:595 4 Mr. Mehrish references -- the subject is Credit

03:17:46:432 5 Swisse high grade ABS CDO where else approvals, CDO

03:17:50:103 6 squared. We are concerned about potential negative

03:17:53:407 7 selection of the portfolio. What do you think?

03:17:56:042 8 Do you recall him, Mr. Mehrish, making

03:17:59:712 9 that inquiry to you?

03:18:01:582 10 A. No. He wouldn't inquire to me.

03:18:03:883 11 Q. Well, he copied you on it, did he not?

03:18:06:686 12 A. He did copy me.

03:18:07:988 13 Q. And you responded, did you not?

03:18:10:791 14 A. I responded.

03:18:11:424 15 Q. All right. And your response was pick

03:18:13:493 16 your poisons, assets you don't like or lower equity

03:18:17:164 17 returns; is that right?

03:18:19:232 18 A. Yes.

03:18:20:767 19 Q. Thank you.

03:18:26:406 20 MR. INFELISE: Why don't we just take a

03:18:27:207 21 short break, and I think we are ready to wrap

03:18:30:243 22 up.

03:18:30:443 23 THE VIDEOGRAPHER: We are going off the

03:18:31:111 24 record at 12:49 p.m.

03:18:33:042 25 (Discussion off the record.)

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03:18:51:780 1 Stoker - May 3, 2012

03:18:51:781 2 CERTIFICATE OF DEPONENT

03:18:51:782 3 I hereby certify that I have read and examined the

03:18:51:783 4 foregoing transcript, and the same is a true and

03:18:51:784 5 accurate record of the testimony given by me.

03:18:51:785 6 Any additions or corrections that I feel are

03:18:51:786 7 necessary, I will attach on a separate sheet of

03:18:51:787 8 paper to the original transcript.

03:18:51:788 9

03:18:51:789 10 _____

03:18:51:790 11 Signature of Deponent

03:18:51:791 12

03:18:51:792 13 I hereby certify that the individual representing

03:18:51:793 14 himself/herself to be the above-named individual,

03:18:51:794 15 appeared before me this ____ day of _____,

03:18:51:795 16 2012, and executed the above certificate in my

03:18:51:796 17 presence.

03:18:51:797 18

03:18:51:798 19 _____

03:18:51:799 20 NOTARY PUBLIC IN AND FOR

03:18:51:800 21

03:18:51:801 22 _____

03:18:51:802 23 County Name

03:18:51:803 24

03:18:51:804 25 MY COMMISSION EXPIRES:

EXHIBIT 16